

The Telegraph (Seetha, Piya Singh and Sonia Sarkar, February 14, 2010)

Minimum city

The Thackerays should note: Mumbai is losing out to New Delhi in a host of ways. **Seetha, Piya Singh and Sonia Sarkar** explain how

Did you know that there's been a dip in the number of flights going in and out of jet-setting Mumbai while those to and from time-warped Delhi have gone up?

Or that the fashion industry earns more out of Dowdy Delhi than Mod Mumbai?

Or that butter chicken Delhi has more restaurants offering exotic international cuisine than cosmopolitan Mumbai?

As the Shiv Sena and the Maharashtra Navnirman Sena try to outshout each other in deciding which films Mumbaikars should watch, Mumbai is in serious danger of losing its title of the country's business and lifestyle capital.

And Delhi, once dismissed as an overgrown village, appears all set to take its place, along with its satellite towns of Noida and Gurgaon — which together form the National Capital Region (NCR).

"When you think of Delhi, images of flyovers, the Metro and planned shopping areas come to mind," says Rakesh Biyani, CEO of Future Retail, which owns Big Bazaar and Pantaloons. Mumbai, on the other hand, brings to mind slums, never-ending traffic jams on congested roads and life-halting floods, says Anshuman Magazine, managing director, South Asia, C.B. Richard Ellis, the real estate consulting firm. Successive governments have done precious little to stem the decline.

"Mumbai is dying because of inadequate infrastructure, population pressure and a total absence of administration in a city of 20 million people," laments *Loksatta* editor Kumar Ketkar, who, however, insists his city will never lose its economic or cultural significance.

Sure, there's been no flight of capital yet and Mumbai will continue to remain India's financial capital. But the city is no longer being seen as the business paradise it once was. Indeed, Mumbai ranks a poor tenth among 17 cities in terms of ease of doing business in a World Bank report, *Doing Business in India 2009*. Gurgaon, Delhi and Noida ranked fourth, sixth and twelfth, respectively. "Mumbai has lost the race," says Delhi-based former corporate honcho and author Gurcharan Das, who has spent half his life in Mumbai. Delhi, he says, has emerged as the number one commercial city.

Signs of this are flying all over the place. Consider:

Air traffic from Delhi airport increased 2 per cent between 2007-2008 and 2008-2009, while it dipped 2 per cent in Mumbai, according to the Mumbai-based aviation research firm Aviation Centre of Excellence. From 2003-2004, traffic from Delhi has been growing at a faster clip than Mumbai. The Delhi airport is set to become a global airline hub by 2012.

Mumbai may have more hotel rooms than Delhi now, but by the year-end the capital will have close to 22,000 rooms against Mumbai's 17,000, says the Federation of Hotels and Restaurants Association of India.

Mumbai still tops in terms of advertisement revenues, but Delhi's share has been increasing rapidly. It now stands at 35 per cent, according to the India head of a media services company, just short of Mumbai's 40 per cent. "The Delhi communications market is definitely growing at a faster pace than Mumbai," admits Sanjay Thapar, group president, north & east, Ogilvy & Mather, even as he asserts that Mumbai still accounts for 60 per cent of the industry's business.

That's because a number of new businesses and companies has made Delhi their base, explains Sushil Pandit, who heads The Hive, a Delhi-based ad agency. The NCR is not just an automobile hub but is also home to white goods manufacturers, telecom service giants, equipment manufacturers, insurance majors, real estate firms, and information technology (IT) and IT-enabled services firms. Advertising by upcountry firms from Punjab and Rajasthan also happens out of Delhi, notes Pandit.

Biyani's Future Retail has the same number of outlets in Delhi and Mumbai and the sales figures are also similar. But "the NCR is going to emerge as the biggest consumer spending centre as its disposable income is higher," he says. As it is, Delhi has more malls (94) than Mumbai (81), according to data from Delhi-based economics research firm Indicus Analytics. "Culturally, there is a tendency to show one's spending power in Delhi. Delhites are quicker on the draw than consumers in Mumbai," notes Alex Kuruvilla, managing director of Conde Nast India, which publishes lifestyle magazines *Vogue* and *GQ*.

Delhi is also emerging as the country's fashion hub, with its fashion weeks generating revenues upwards of Rs 100 crore, says Sunil Sethi, president, Fashion Design Council of India, something that Mumbai-based designer Neeta Lulla says her city can't match. "Designers flock to Delhi because buyers keep increasing, aspirations are high and pockets deep," says Mumbai designer Nikasha Tawadey. "Delhi is the city of the BBD (Big Better Deal)." The city is set to build on this image. The tourism ministry plans to open a fashion hub — comprising a convention centre, resource centre, designer boutiques, studios and a textile and craft museum — in a 10-acre plot in south Delhi.

Delhi is experimenting with a range of cuisines, with Uzbek, Russian, Vietnamese and Korean restaurants. "There are more takers in Delhi for international cuisine than in Mumbai," says Dutch entrepreneur Lalita De Goederen, who runs Bagels Café in Gurgaon, though that could partly be due to the presence of diplomatic missions in the capital. It is also emerging as a fine dining hotspot, with high-end restaurants opening all over town unlike in Mumbai where it is confined to mid-town, notes restaurateur A.D. Singh. Before Singh's Olive restaurant near the Qutab Minar was shut down in a drive against unauthorised commercialisation, it yielded higher revenues than his Mumbai restaurants.

Delhi's intellectual life has always been superior to that of Mumbai, thanks to its think tanks, universities and publishing firms. "Mumbai is a great place to make deals. But where do you go once you stop doing that," asks Das who relocated to Delhi when he hung up his corporate boots and decided to concentrate on academic pursuits.

So how did the proverbial tortoise outrun the hare? Several factors have been working in Delhi's favour over the past 15 years, apart from the fact that it is the seat of government and policy-making.

For one, the NCR has far more physical space to grow, unlike a choked Mumbai. Real estate is also cheaper. Data provided by Richard Ellis show it's possible to rent an apartment in tony Greater Kailash in Delhi, which is not too far away from the centre of town, for Rs 75,000 a month. In Mumbai, that is only possible perhaps in mid-town Mumbai or in far-flung Powai. Aleksander, owner of Delhi's only Russian restaurant, Bline, wants to set up another outlet in Mumbai but can't find a cost-effective plot there. "There are more options in Delhi," he says.

The exponential infrastructure development Delhi has seen in the past five years, with more to come as the city readies for the Commonwealth Games in October, has also given it a huge edge. Delhi will be number one in infrastructure by the year end, predicts Magazine of C.B. Richard Ellis.

The Centre and the state are pumping Rs 66,000 crore for the Games into the city, 80 per cent of which will be for general civic infrastructure projects. The Northern Railways will spend Rs 96 crore on a new mega terminal and existing railway stations. That's apart from private investment in the new airport, hotels and three sprawling convention centres that will join the city's existing 35, against the 10 in Mumbai. More and more companies prefer to come to Delhi for conferences, notes R. M. Puri, ICPB's executive director.

More importantly, Delhi is far more inclusive and tolerant of migrants than Mumbai. "Delhi can never throw up a Thackeray brand of politics," says Laveesh Bhandari, founder-director of Indicus. "Delhi has always

been a city of migrants, with the majority of the local Punjabis having come as refugees in 1947.”

To be fair, Mumbai still has a lot going for it. International fashion brands are taking an interest in the city, notes designer Lulla. While Delhi may be a larger market for lifestyle categories such as packaged snacks, shampoos, hair oils and hair dyes, according to Nielsen Company, affluent Mumbaikars spend more than Delhites on gyms, beauty parlours and spas, vacations and clubs.

And when it comes to professionalism, Mumbai clearly outpaces Delhi. “Delhi can never match Mumbai on work ethics, dynamism and sheer vibrancy. An army of Thackerays cannot break the cosmopolitan character of Mumbai,” declares Ketkar.

Das too stresses that the “average street culture” in Mumbai is better than that in Delhi. Indeed, Delhi’s high crime rate (50,000 incidents under the Indian Penal Code in 2007-2008 against 30,000 in Mumbai) could well do it in.

But that’s probably not enough to restore Mumbai’s lost glory. “To remain competitive, Mumbai will have to pay serious attention to improving its infrastructure,” says Magazine. Clearly it’s time for Mumbai’s politicians to wake up and smell the *vada pav* — before it gives way to the *chhola bhatura*.